Senate Bill No. 368–Senators D. Harris, Spearman, Donate, Neal; Cannizzaro, Daly, Dondero Loop, Flores, Krasner, Lange, Nguyen, Pazina and Scheible

Joint Sponsors: Assemblywomen Bilbray-Axelrod and Hansen

CHAPTER.....

AN ACT relating to real property; prescribing a procedure for removing certain discriminatory restrictions or prohibitions from a written instrument relating to real property; requiring the Real Estate Division of the Department of Business and Industry to prescribe a restrictive covenant modification form; eliminating certain provisions relating to a declaration of removal of a discriminatory restriction or prohibitior; requiring each county recorder in this State to provide certain notice to each owner who recorded a declaration of removal of a discriminatory restriction or prohibition with the office of the county recorder; making appropriations; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that any restriction or prohibition in a written instrument relating to real property that purports to forbid or restrict the conveyance, encumbrance, leasing or mortgaging of the real property or purports to limit, restrict or prohibit the use or occupation of the real property on the basis of race, color, religion, ancestry, national origin, disability, familial status, sex, sexual orientation or gender identity or expression is void and unenforceable by operation of law. Existing law authorizes an owner of real property that is subject to such a restriction or prohibition to record a declaration of removal of the discriminatory restriction or prohibition by filing a declaration form with the county recorder of the county in which the real property is located. If an owner files such a form, existing law requires the county recorder to attach the declaration form to the original recorded instrument to indicate that the discriminatory restriction or prohibition is void. (NRS 111.237)

Section 1.3 of this bill eliminates provisions relating to the filing and recordation of a declaration of removal of a discriminatory restriction or prohibition. Instead, section 1.3 prescribes a procedure for removing a discriminatory restriction or prohibition from a written instrument relating to real property. Section 1.3 requires an interested person who wishes to remove a discriminatory restriction or prohibition from a written instrument to file a petition in the district court requesting that the court issue an order directing the county recorder to record a restrictive covenant modification document, which redacts from a written instrument any discriminatory restriction or prohibition identified by the court in its order. If, after considering such a petition and any objections, the district court determines that a restriction or prohibition identified in a petition is void and unenforceable by operation of law, section 1.3 requires the district court to issue an order directing the appropriate county recorder to record a restrictive to a section 1.3 requires the district court to issue an order directing the appropriate county recorder to record a restrictive appropriate county recorder to record a restrictive to issue an order directing the appropriate county recorder to record a restrictive appropriate county recorder to record a restrictive covenant modification document. If the district court issues such an order, section 1.3 authorizes an interested person to record a restrictive covenant modification



document by filing with the appropriate county recorder: (1) a restrictive covenant modification form; (2) a certified copy of the written instrument; and (3) a certified copy of the court order. Upon receipt of these documents, **section 1.3** requires the county recorder to: (1) redact from the written instrument any language identified in the court order; (2) record and index the restrictive covenant modification document and restrictive covenant modification form; and (3) retain the original written instrument as a public record for historical purposes.

Section 1 of this bill defines certain terms relating to the procedure prescribed by section 1.3. Section 2 of this bill makes a conforming change relating to the recordation of a restrictive covenant modification document or restrictive covenant modification form.

Section 1.5 of this bill requires the Real Estate Division of the Department of Business and Industry to: (1) solicit recommendations concerning the design and contents of a restrictive covenant modification form; and (2) prescribe such a form.

Section 2.5 of this bill makes appropriations to the University of Nevada, Las Vegas, and the University of Nevada, Reno, to pay costs associated with: (1) identifying, locating and mapping certain real property subject to a discriminatory restriction or prohibition; (2) removing discriminatory restrictions or prohibitions from written instruments using the procedure prescribed by section 1.3; (3) documenting certain information; and (4) providing education or outreach concerning the procedure prescribed by section 1.3.

Section 3 of this bill requires each county recorder in this State to provide certain notice to each owner who recorded a declaration of removal of a discriminatory restriction or prohibition with the office of the county recorder.

EXPLANATION - Matter in *bolded italics* is new; matter between brackets [omitted material] is material to be omitted.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 111.010 is hereby amended to read as follows: 111.010 As used in this chapter:

1. "Conveyance" shall be construed to embrace every instrument in writing, except a last will and testament, whatever may be its form, and by whatever name it may be known in law, by which any estate or interest in lands is created, aliened, assigned or surrendered.

2. "Estate and interest in lands" shall be construed and embrace every estate and interest, present and future, vested and contingent, in lands as defined in subsection 3.

3. "Lands" shall be construed as coextensive in meaning with lands, tenements and hereditaments, and shall include in its meaning all possessory right to the soil for mining and other purposes.

4. "Restrictive covenant modification document" means a certified copy of a written instrument which redacts from the written instrument any language identified in a court order issued pursuant to NRS 111.237.



5. "Restrictive covenant modification form" means the form prescribed by the Real Estate Division of the Department of Business and Industry pursuant to NRS 111.2375.

Sec. 1.3. NRS 111.237 is hereby amended to read as follows:

111.237 1. Every provision in a written instrument relating to real property which purports to forbid or restrict the conveyance, encumbrance, leasing or mortgaging of such real property to any person of a specified race, color, religion, ancestry, national origin, disability, familial status, sex, sexual orientation, or gender identity or expression is void and unenforceable and every restriction or prohibition as to the use or occupation of real property because of the user's or occupier's race, color, religion, ancestry, national origin, disability, familial status, sex, sexual orientation, or gender identity or expression is void and unenforceable.

2. Every restriction or prohibition, whether by way of covenant, condition upon use or occupation, or upon transfer of title to real property, which restriction or prohibition directly or indirectly limits the acquisition, use or occupation of such property because of the acquirer's, user's or occupier's race, color, religion, ancestry, national origin, disability, familial status, sex, sexual orientation, or gender identity or expression is void and unenforceable.

3. [The owner or owners of any real property subject to a] A restriction or prohibition that is void and unenforceable by operation of law pursuant to subsection 1 or 2 may [record] be removed from a written instrument using the restrictive covenant modification procedure provided in this section.

4. An interested person who wishes to remove from a written instrument any restriction or prohibition that is void and unenforceable by operation of law must file a petition in the district court requesting that the court issue an order directing the county recorder to record a restrictive covenant modification document. Any such petition must:

(a) Be made on a form prescribed by the [Real Estate Division] clerk of the [Department of Business and Industry pursuant to NRS 111.2375 declaring that all such restrictions] court;

(b) Specifically identify any restriction or [prohibitions are removed from] prohibition the [referenced original] interested person seeks to have redacted from the written instrument [.

4. The form must be completed and signed by]; and

(c) Be accompanied by:



(1) An affidavit that states that the petitioner meets the definition of "interested person" set forth in subsection 14, if the petitioner is not the owner or owners of the real property; and

(2) A copy of the written instrument.

5. If the petitioner is not the owner or owners of the real property [and], a copy of the petition must be served upon each owner of the property by mailing a copy of the petition by certified mail, return receipt requested, to each owner at his or her place of residence or to the registered agent of each owner at the address of the registered agent.

6. If, within 10 days after service of the petition:

(a) No written objection is filed, [in] the [office of] district court may consider the petition without a hearing.

(b) A written objection is filed, the district court shall set the matter for a hearing.

7. After considering the petition and any objections, if the district court determines that a restriction or prohibition identified in the petition is void and unenforceable by operation of law pursuant to subsection 1 or 2, the district court shall issue an order directing the county recorder of the county in which the real property is located [-

-5. to record a restrictive covenant modification document. An order issued pursuant to this subsection must clearly identify the language that must be redacted in the restrictive covenant modification document.

8. If the [form is filed with the appropriate county recorder] district court issues an order pursuant to subsection [4,] 7, an interested person may record a restrictive covenant modification document by filing with the appropriate county recorder:

(a) A completed, signed restrictive covenant modification form;

(b) A certified copy of the written instrument; and

(c) A certified copy of a court order issued pursuant to subsection 7.

9. Upon receipt of the documents required by subsection 8, the county recorder shall [record and index the form with any other restriction or prohibition upon real property, including, without limitation, real property within a common interest community pursuant to chapter 116 of NRS.

 $\hat{-}$ 6. If the form is not filed with the county recorder of the appropriate county pursuant to subsection 4, the county recorder shall transfer the form to the county recorder of the appropriate



county for recording and indexing in the manner described in subsection 5.

7.]:

(a) Redact from the certified copy of the written instrument any language identified in the order;

(b) **Record and index:**

(1) The restrictive covenant modification document; and

(2) The restrictive covenant modification form; and

(c) Retain the original written instrument as a public record for historical purposes.

10. The decision of the district court is not appealable.

11. No fee may be charged by:

(a) The clerk of the court for:

(1) The filing of a petition or written objection pursuant to this section; or

(2) Providing a certified copy of a court order issued pursuant to subsection 7; or

(b) The county recorder for any filing, indexing or recording required pursuant to subsection 9.

12. The filing of a petition pursuant to subsection 4 does not constitute grounds for delaying any probate proceeding, divorce proceeding or bankruptcy proceeding to which an owner is a party.

13. Nothing in this section regarding familial status shall be construed to apply to housing for older persons so long as such housing complies with the requirements of 42 U.S.C. § 3607.

[8.] 14. As used in this section:

(a) "Disability" means, with respect to a person:

(1) A physical or mental impairment that substantially limits one or more of the major life activities of the person;

(2) A record of such an impairment; or

(3) Being regarded as having such an impairment.

(b) "Familial status" means the fact that a person:

(1) Lives with a child under the age of 18 and has:

(I) Lawful custody of the child; or

(II) Written permission to live with the child from the person who has lawful custody of the child;

(2) Is pregnant; or

(3) Has begun the proceeding to adopt or otherwise obtain lawful custody of a child.

(c) "Interested person" includes:

(1) The owner or owners of the real property.



(2) A representative of a common-interest community, if the real property is located within a common-interest community.

(3) A nonprofit organization or academic institution whose mission, in whole or in part, is to combat discrimination based upon race, color, religion, ancestry, national origin, disability, familial status, sex, sexual orientation, or gender identity or expression.

Sec. 1.5. NRS 111.2375 is hereby amended to read as follows:

111.2375 1. The Real Estate Division of the Department of Business and Industry shall:

(a) Solicit recommendations from the county recorder of each county concerning the design and contents of a *restrictive covenant modification* form that may be used [to make a declaration of removal of] for the purpose of redacting and removing a discriminatory restriction pursuant to NRS 111.237.

(b) Prescribe such a form after considering all recommendations solicited pursuant to paragraph (a).

2. [The form must provide for the inclusion of the following:

(a) Identifying information concerning the original written instrument that contains a prohibition or restriction that is void and unenforceable pursuant to NRS 111.237;

(b) The name or names of the owner or owners of the property;

(c) The assessor's parcel number;

(d) The legal description of the real property as provided in the original written instrument;

(e) The mailing address of the owner or owners of the property; and

(f) The following statements in 14 point font, in substantially the following form:

(1) The referenced original written instrument contains discriminatory restrictions that are void and unenforceable pursuant to NRS 111.237. This declaration removes from the referenced original instrument all provisions that are void and unenforceable pursuant to NRS 111.237 and is valid solely for that purpose; and

(2) All persons in this State shall have an equal opportunity to inherit, purchase, lease, rent, sell, hold and convey real property without discrimination, distinction or restriction because of race, color, religion, ancestry, national origin, disability, familial status, sex, sexual orientation or gender identity or expression pursuant to chapter 118 of NRS.

<u>3.</u> The form must be made available, free of charge:

(a) By the Real Estate Division at its principal office designated pursuant to NRS 645.170 and at each branch office established



pursuant to NRS 645.170 and on any Internet website maintained by the Division; and

(b) By the county recorder at the office of the county recorder and on any Internet website maintained by the county recorder in his or her official capacity.

Sec. 2. NRS 111.312 is hereby amended to read as follows:

111.312 1. The county recorder shall not record with respect to real property, a notice of completion, a declaration of homestead, a [declaration of removal of discriminatory restriction,] restrictive covenant modification form, a restrictive covenant modification document, a lien or notice of lien, an affidavit of death, a mortgage or deed of trust, any conveyance of real property or instrument in writing setting forth an agreement to convey real property or a notice pursuant to NRS 111.3655 unless the document being recorded contains:

(a) The mailing address of the grantee or, if there is no grantee, the mailing address of the person who is requesting the recording of the document; and

(b) Except as otherwise provided in subsection 2, the assessor's parcel number of the property at the top left corner of the first page of the document, if the county assessor has assigned a parcel number to the property. The parcel number must comply with the current system for numbering parcels used by the county assessor's office. The county recorder is not required to verify that the assessor's parcel number is correct.

2. Any document relating exclusively to the transfer of water rights may be recorded without containing the assessor's parcel number of the property.

3. The county recorder shall not record with respect to real property any deed, including, without limitation:

(a) A grant, bargain and sale deed;

(b) Quitclaim deed;

(c) Warranty deed; or

(d) Trustee's deed upon sale,

 \rightarrow unless the document being recorded contains the name and address of the person to whom a statement of the taxes assessed on the real property is to be mailed.

4. The assessor's parcel number shall not be deemed to be a complete legal description of the real property conveyed.

5. Except as otherwise provided in subsection 6, if a document that is being recorded includes a legal description of real property that is provided in metes and bounds, the document must include the name and mailing address of the person who prepared the legal



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description. The county recorder is not required to verify the accuracy of the name and mailing address of such a person.

6. If a document including the same legal description described in subsection 5 previously has been recorded, the document must include all information necessary to identify and locate the previous recording, but the name and mailing address of the person who prepared the legal description is not required for the document to be recorded. The county recorder is not required to verify the accuracy of the information concerning the previous recording.

Sec. 2.5. 1. There is hereby appropriated from the State General Fund to the University of Nevada, Las Vegas, for the purposes set forth in subsection 3 the following sums:

2. There is hereby appropriated from the State General Fund to the University of Nevada, Reno, for the purposes set forth in subsection 3 the following sums:

For the Fiscal Year 2023-2024......\$75,000

For the Fiscal Year 2024-2025......\$75,000

3. The money appropriated by subsections 1 and 2 must be used by the University of Nevada, Las Vegas, or the University of Nevada, Reno, as applicable, to pay costs associated with:

(a) Identifying, locating and mapping any real property subject to a restriction or prohibition that is void and unenforceable by operation of the law pursuant to NRS 111.237, as amended by section 1.3 of this act;

(b) Removing restrictions or prohibitions that are void and unenforceable by operation of the law from written instruments using the restrictive covenant modification procedure set forth in NRS 111.237, as amended by section 1.3 of this act;

(c) Documenting the history of structural racism in this State, the harm wrought by restrictive covenants and the perseverance of the residents of this State affected by restrictive covenants; and

(d) Providing education or outreach concerning the restrictive covenant modification procedure set forth in NRS 111.237, as amended by section 1.3 of this act.

4. Any balance of the sums appropriated by subsections 1 and 2 remaining at the end of the respective fiscal years must not be committed for expenditure after June 30 of the respective fiscal years by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after

September 20, 2024, and September 19, 2025, respectively, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 20, 2024, and September 19, 2025, respectively.

Sec. 3. As soon as reasonably practicable on or after October 1, 2023, each county recorder in this State shall provide notice of the provisions of this act to each owner who, before October 1, 2023, recorded a form declaring that a restriction or prohibition is removed from an original written instrument.

Sec. 4. (Deleted by amendment.)

Sec. 5. 1. This section and section 4 of this act become effective upon passage and approval.

2. Section 2.5 of this act becomes effective on July 1, 2023.

3. Sections 1 to 2, inclusive, and 3 of this act become effective on October 1, 2023.

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